



TOWARDS A JUST TRANSITION IN GREECE'S LIGNITE-DEPENDENT REGIONS

Key messages

Phasing out lignite use is one of the key measures for Greece to achieve carbon neutrality by 2050. However, reducing lignite mining and power generation has a social dimension in lignite-producing areas. Greece has developed several initiatives to support economic diversification and creation of new jobs in affected communities regions.

Country: [Greece](#)

Sector: [Energy](#)

Scale: [Regional](#)

Challenge

The government announced a lignite phase-out by 2028 and committed to achieving climate neutrality by 2050. It endorsed a National Energy and Climate Plan (NECP) for 2030 and a Long-term Strategy to 2050. Promotion of natural gas and renewables, interconnection of islands with the mainland grid and decommissioning of lignite power units are the main measures of the NECP. Reducing lignite mining and power generation has a social dimension in lignite-producing areas, notably Western Macedonia which accounts for about 80% of production.

Approach

In 2018, Greece established a Fair Transition Fund to support the diversification of local economies and creation of new jobs in lignite dependent regions. The fund collects 6% of the revenue from auctioning the allowances of the Emissions Trading System of the European Union (EU), or around EUR 20 million per year. The fund is expected to finance low-carbon and low-environmental footprint projects in the Florina and Kozani regional units and in the Megalopolis municipality. In addition, the state owned Public Power Corporation has funded environment and development projects worth around EUR 130 million in these regions since 2014.

Greece is a member of the EU Coal Regions in Transition initiative. Launched in 2017, the initiative aims to build capacity through technical assistance for developing inclusive transition strategies and roadmaps. It provides support material such as toolkits and reports, and helps connect stakeholders in coal regions in transition. Western Macedonia was selected as one of the pilot regions.

In 2021, an inter-ministerial committee prepared a comprehensive Just Development Transition Master Plan to benefit from the EU Just Transition Mechanism. Greece was allocated EUR 755 million of the EU Just

Transition Fund to support the territories that face serious socio-economic challenges deriving from the climate transition.

Greece's 2021 Recovery and Resilience Plan takes into account the need to ensure a just transition, in view of the phase-out of lignite, particularly in the areas of Western Macedonia and central Peloponnese. The plan includes measures to improve green skills through training programmes covering resource efficiency, low-carbon industry, climate reliance and managing natural assets. It also includes investment to rehabilitate industrial land and sets the basis for further development of low-carbon investments.

Further information

OECD (2020), *OECD Environmental Performance Reviews: Greece 2020*, OECD Environmental Performance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/cec20289-en>.

EC (2021), "Analysis of the recovery and resilience plan of Greece Accompanying the document Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Greece", *Commission Staff Working Document*, SWD/2021/155 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021SC0155&from=EN>.

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